GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:891
ANSWERED ON:28.07.2000
INSURANCE COVER TO DEPOSITORS OF NBFCS
ANANT GANGARAM GEETE

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have agreed in principle to provide insurance cover to the depositors of NBFCs;

(b) if so, the details thereof;

(c) whether the Reserve Bank of India has taken up this issue with GIC and Insurance Regulatory Authority;

(d) if so, the details thereof; and

(e) the progress made so far in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) No, Sir.

(b) Does not arise.

(c) & (e) : Though the task force on NBFCs had recommended against the provision of deposit insurance for deposit with NBFCs, there have been demands from time to time to extend deposit insurance to the NBFC sector.In this background, RBI had discussed with the General Insurance Company (GIC) in 1998 the possibility of extending deposit insurance to the NBFC Sector. GIC did not find itself in a position to provide deposit insurance to the NBFC sector.The possibility of private insurance companies developing a suitable product for insurance of deposits of NBFCs has come up during RBI`s discussions with the Insurance Regulatory and Development Authority.